



# TENNESSEE REAL ESTATE News-Journal

An Official Publication of the Tennessee Real Estate Commission

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## What's Your Name?

Information printed in previous News-Journals, especially disciplinary actions, has stimulated a number of calls to the Commission's office. Specifically, licensees have been asking what are the most frequent complaints concerning advertising.

The three most frequent complaints (which typically come directly from other licensees) are (1) ads with no firm name, (2) ads with no firm phone number and (3) licensees who advertise by names other than the names which appear on their licenses. An example of Number 3 would be a licensee who is licensed as John J. McCarren who advertises as Joe McCarren (his middle name is actually Joseph). In this case Mr. McCarren would need to change his name with TREC so that he is licensed as John Joseph "Joe" McCarren. The name change can be accomplished by completing a TREC Form 1 and providing the \$10.00 fee to change a personal name.

**All requirements  
for Renewal must  
be completed by  
Nov. 1, 2002.**

## A Primer on Escrow Accounts

**By: Bill Stewart  
TREC Auditor**

All firms licensed by TREC, whether for real estate or time share sales, property management or vacation lodging operations, are required to keep escrow bank accounts. These accounts are for the deposit and maintenance of funds held in the firm's fiduciary capacity. Records of deposits and disbursements must be kept for at least three years and are subject to audit by TREC representatives. Firms should assure that escrow bank accounts are properly funded at all times. Funds held in a fiduciary capacity must be on deposit and available in the escrow account, not commingled with other funds, and not depleted by unauthorized withdrawals or bank charges. All funds deposited must be properly recorded and accounted for by the firm.

Earnest monies are examples of trust funds. Deposit and disbursement of these funds must be timely to the contract and closing dates. All disbursements must conform to the contract. Security deposits and lease payments received are further examples of trust

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## License Numbers Required for CE Credit

More and more schools are beginning to send education attendance rosters to TREC by an electronic mode. This information is then uploaded to the TREC computer system automatically. In order for licensees to ultimately obtain credit for their attendance, it is imperative that licensees provide the sponsors of the educational opportunity their correct license/file ID number.

The Commission is in the process of promulgating rules requiring licensees to have their pocket license cards with them when they are providing services for which a real estate license is required and when they are attending educational opportunities. Making sure you have your pocket card with you when you attend education sessions is a good way to "practice" having your card with you when the new rule requires such.

### A Primer on Escrow Accounts from Page 1

funds to be deposited to the escrow bank account and disbursed based on contractual agreements.

For vacation lodging operations, all funds received for a customer to reserve or occupy a rental unit must be deposited to and maintained in the escrow bank account until that customer has checked out. Multiple units and multiple reservations of each unit at any point in time make detailed records keeping a necessity. Bank statement reconciliation should be coordinated with the accounting records on which monthly reports to unit owners are based. Reservation deposits must be maintained in the escrow account until they become earned rental revenue. Rental revenue due a unit owner must remain in the escrow account until properly paid to that owner. Commissions or expenses deducted from rental revenue and due the firm must be disbursed at least monthly. Sales and hotel/motel taxes are additional examples of amounts that may be included in funding requirements depending on firm procedures.

Proper accounting procedures will assure accurate escrow account records. Monthly reconciliation of the escrow account bank statement will assure that proper funding of the escrow account is maintained.

### ARELLO Publications Available

The Association of Real Estate License Law Officials (ARELLO) has just finished

compiling two publications for 2002. The DIGEST provides information on requirements to obtain a real estate license in most states and jurisdictions, which states recognize reciprocity, and lots of information on statistics and post license requirements for real estate practitioners.

The DIRECTORY provides information concerning contacts for regulatory agencies and ARELLO Association information.

Both publications are available for purchase. Orders can be placed by mail to:

ARELLO Publication

Fulfillment

P. O. Box 230159

Montgomery, AL 36123-0159

or by FAX at 334-260-2903

The DIRECTORY costs are \$15.00 each plus \$3.00 shipping/handling each and the DIGEST costs are \$40.00 each plus \$7.00 shipping/handling each.

### Not Taking Course for New Affiliates Getting Expensive

At least 25% of new affiliate licensees do not take the Course for New Affiliates within one year of being licensed. Individuals who complete the course between one year of licensure and 18 months of licensure are charged a \$100.00 penalty fee for each month (or part of a month) the course is completed late. Those who do not complete the course by 18 months of licensure are paying the ultimate cost in that

their licenses become invalid.

Those individuals whose licenses are invalid must cease and desist the practice of real estate and retest and reapply for a license if they wish to reenter the real estate profession.

Recent data indicates the average cost for the course is \$171.17 and the average penalty owed is \$400.00. Many individuals have owed and paid \$600.00.

### Commission to Resume Monthly Meetings

In an effort to adhere to requests for state agencies to minimize travel expenses, the Commission attempted to change their meeting schedule from monthly to once every other month. After a trial period, it was determined that licensees and new applicants were not served well by the new schedule and the Commission voted to return to the monthly meetings. Following is the Commission's meeting schedule for 2002:

January	9 & 10
February	6 & 7
March	6 & 7
April	3 & 4
May	8 & 9
June	5 & 6
July	10 & 11
August	7 & 8
September	4 & 5
October	TBA
November	6 & 7
December	4 & 5

If additional meeting days are required, they will most likely be the days preceding the first dates above.

# DISCIPLINARY ACTION

**SEPTEMBER 2001**

**ALLEN DECUYPER**  
**Lic. No. AF245632**  
**Nashville, TN**

Mr. Decuyper consented to pay a civil penalty of \$35,200.00 for continuing to perform services that require a real estate license after his license expired on December 31, 1996.

**DONNA BLEDSOE**  
**Lic. No. BR243672**  
**Franklin, TN**

Ms. Bledsoe erroneously believed a completed contract existed and failed to submit an offer from a second prospective buyer. For this error, Ms. Bledsoe consented to pay a civil penalty of \$1000.00 and be on probation for one year. The civil penalty can be suspended if she completes 30 hours of education covering contracts and/or real estate law.

**KARAN A. HOWARD**  
**Lic. No. AF221585**  
**Nashville, TN**

Ms. Howard consented to pay a civil penalty of \$2000.00 for continuing to perform services which required a real estate license after her license expired December 31, 2000.

**JASON R. MANNING**  
**Lic. No. AF269237**  
**Nashville, TN**

Mr. Manning agreed to pay a civil penalty of \$500.00 for misrepresentation and improper conduct.

**ROY HELMS**  
**Lic. No. AF251300**  
**Morristown, TN**

Mr. Helms agreed to pay a civil penalty of \$250.00 for failure to include the firm's name and phone number in an advertisement.

**SCOTT MUELLER**  
**BROKER**  
**dba TIMBERLINE**  
**BROKERAGE**  
**Lic. No. FM257040**  
**Silver Point, TN**

Principal Broker Scott Muller agreed to pay a civil penalty of \$2000.00 for the performance of unlicensed activity prior to becoming properly licensed.

**CAROLYN FERGUSON**  
**Lic. No. AF268410**  
**Nashville, TN**

Ms. Ferguson agreed to pay a civil penalty of \$250.00 for failure to include the firm name and firm phone number in an advertisement.

**LUCY PETRE**  
**Lic. No. PB205241**  
**Jefferson City, TN**

Ms. Petre agreed to pay a civil penalty of \$250.00 for failure to include the firm name and firm phone number in an advertisement.

**JOHN R. ROBIN**  
**Lic. No. AF273240**  
**JENNIFER ROBIN**  
**Lic. No. AF278916**  
**Knoxville, TN**

Mr. and Ms. Robin agreed to jointly pay a \$250.00 civil penalty for failure to disclose in writing themselves as real estate licensees when selling their own property.

**KENNETH EPPERSON**  
**Lic. No. AF274093**  
**Henderson, TN**

Mr. Epperson agreed to pay a civil penalty of \$250.00 for failure to include the firm name and firm phone number in an advertisement.

**PRESTIGE REALTY &  
 PROPERTY MANAGEMENT,  
 INC**

**Lic. No. FM241154**  
**Franklin, TN**

Principal Broker Debbie K. Psillas agreed to pay a \$500.00 civil penalty for failure to advertise under the name as licensed and failure to include the firm phone number in an advertisement.

**JOHN L. BLACK**  
**Lic. No. AF241597**  
**Brentwood, TN**

Mr. Black agreed to pay a civil penalty of \$250.00 for failure to include the firm's name and phone number in an advertisement.

**NANCY S. BLACK**  
**Lic. No. BR228612**  
**Brentwood, TN**

Ms. Black agreed to pay a civil of \$250.00 for an advertisement which did not contain the firm name or firm phone number.

**EAGLE PROPERTY MAN-  
 AGEMENT, INC.**  
**Lic. No. VLS254741**  
**Pigeon Forge, TN**

Following an audit of the firm where a deficit in the escrow account was found, Principal Broker Bradley K. Walker agreed to the following: (1) pay a civil penalty of \$7000.00, (2) have the firm be on probation for one year, (3) fully fund the escrow account, and (4) provide the Commission with quarterly reconciliation reports while on probation.

**RE/MAX COLONIAL  
 REALTY**  
**Lic. No. FM256222**  
**Clarksville, TN**

After an audit of the firm where it was found that earnest money was not timely deposited and checks drawn on the escrow account were returned for insufficient funds, Principal Broker Jannette Moss

agreed to pay a civil penalty of \$1000.00.

**RE/MAX COLONIAL  
REALTY  
Lic. No. FM256707  
Clarksville, TN**

Following an audit of the firm where it was found earnest money was not timely deposited and earnest money and operating expenses were commingled, Principal Broker Ginny McKenzie agreed to pay a civil penalty of \$250.00.

**EAST TENNESSEE  
REALTY, INC.  
Lic. No. FM 256067  
Gatlinburg, TN**

Principal Broker Jim Helms consented to pay a civil penalty of \$500.00 after it was determined there were misrepresentations of property conditions for property managed by the firm.

**J. ALAN McINTURFF  
Lic. No. AF218646  
Unicoi, TN**

Mr. McInturff consented to pay \$1000.00 for failing to provide property disclosure or inform buyer's of their rights and obligations with regard to such disclosure.

**NOVEMBER 2001**

**COLDWELL BANKER  
MCKEE REALTY  
Lic. No. F256413  
Lexington, TN**

Principal Broker Shirley S. McKee consented to pay a civil penalty of \$10,600.00 for continuing to operate a real estate firm after her license had expired, thereby rendering the firm's license invalid.

**SHIRLEY S. McKEE  
Lic. No. 231777  
Lexington, TN**

Ms. McKee consented to pay a civil penalty of \$3,400.00 for continuing to perform services which require a

real estate license after her license expired on December 31, 2000.

**MCKEE REALTY, LLC  
Lic. No. 249968  
Lexington, TN**

Principal Broker Shirley S. McKee consented to pay a civil penalty of \$2,000.00 for continuing to operate a firm without a licensed principal broker.

**KARL C. STEAKLEY  
Lic. No. 249069  
Brentwood, TN**

Mr. Steakley consented to pay a civil penalty of \$2,600.00 for continuing to perform services which require a real estate license after his license expired.

**JOHN DRINNON  
Lic. No. 51068  
Germantown, TN**

Mr. Drinnon consented to pay a civil penalty of \$1,500.00 for failing to make timely responses to a complaint filed against him.

**JOHN A. MOODY  
Lic. No. 264876 &  
BLUE RIDGE  
PROPERTIES, INC.  
Lic. No. 7836  
Kingsport, TN**

Respondents consented to jointly pay a civil penalty of \$1,000.00 for failure to handle earnest money as described in the contract.

**JOHN COTHRAN  
Lic. No. 275792  
Brentwood, TN**

Mr. Cothran consented to pay a civil penalty of \$350.00 for failing to exercise reasonable skill and care in providing square footage requirements contained in restrictive covenants.

**MARK McDONALD  
Lic. No. 57942  
Nashville, TN**

Mr. McDonald consented to pay a

civil penalty of \$250.00 for allowing an assistant whose real estate license was inactive to provide services which require an active license and for failure to include the firm name in an advertisement.

**TIMBER TOPS  
Lic. No. 255489  
VLS Applicant  
Sevierville, TN**

The respondent, at the time of audit, was found to have a substantial escrow account deficit and was also operating an unlicensed branch office. For these actions the respondent agreed to: (1) pay a civil penalty of \$11,100.00; (2) fully fund the escrow account and make restitution of all monies due by 09-30-01; (3) be on probation for a period of one year; and (4) provide the Commission reconciliation reports on a quarterly basis while on probation.

**GREAT SMOKIES  
MANAGEMENT CORP.  
dba Echota Real Estate  
Lic. No. 251811  
Sevierville, TN**

The respondent, at the time of audit, was found to have a substantial escrow account deficit. For this action Principal Broker Chad McCarter agreed to: (1) pay a civil penalty of \$3,000.00; (2) fully fund the escrow account by 10-31-01; (3) be on probation for a period of one year; and (4) provide the Commission reconciliation reports on a quarterly basis while on probation.

**AAA REAL ESTATE  
Lic. No. 57857  
Memphis, TN**

Principal Broker Charles Holland agreed to pay a civil penalty of \$1,500.00 for failing to obtain written agency disclosure, failing to obtain written personal interest disclosures and failing to retain accurate records of escrow funds.

**ACTION HOMES****Lic. No. 240469****Smyrna, TN**

Principal Broker Patricia Lee agreed to pay a civil penalty of \$1,400.00 for paying commission to an unlicensed person.

**HASTINGS REALTY****Lic. No. 246378****Dyersburg, TN**

Principal Broker Lee M. Hastings agreed to pay a civil penalty of \$750.00 for failure to document personal interest in a transaction, failing to keep documents for the required three years, and failing to timely account for earnest money deposits.

**FOREST HILL REALTORS****Lic. No. 58954****ERNEST GENDRON****Lic. No. 16699**

Respondents agreed to jointly pay a civil penalty of \$1,000.00 for paying a commission to an unlicensed person.

**PHOENIX REALTY****Lic. No. 255820****Murfreesboro, TN**

Principal Broker Barry E. Dotson agreed to pay a civil penalty of \$500 for failing to timely account for trust funds received.

**NORMAN LEE REAL ESTATE BROKER & AUCTION****Lic. No. 6914****Madisonville, TN**

Principal Broker James P. Lee agreed to pay a civil penalty of \$500 for failing to document agency status in two transactions.

**PROFESSIONAL REALTY LLC****Lic. No. 254783****Clarksville, TN**

Principal Broker Robert Powers agreed to pay a civil penalty of

\$500.00 for disbursing funds from escrow for repairs without first obtaining an amendment or addendum to the contract permitting such disbursement.

**CENTURY 21 ACT III REALTY INC.****Lic. NO. 58649****Johnson City, TN**

Principal Broker Lee E. Sowers agreed to pay a civil penalty of \$500.00 for failing to properly account for an earnest money deposit.

**BOB PARKS AUCTION****Unlicensed****Murfreesboro, TN**

Respondent agreed to pay a civil penalty of \$500.00 for auctioning real property without a real estate license.

**STEWART INVESTMENT PROPERTIES****Lic. No. 255842****Memphis, TN**

Principal Broker Larry L. Stewart agreed to pay a civil penalty of \$350.00 for failing to properly make a change of address and failing to have an office sign.

**DOWN HOME REALTY****Lic. No. 253320****Graysville, TN**

Principal Broker Charlotte Brown agreed to pay a civil penalty of \$250.00 for failing to disclose agency status.

**WILLOUGHBY REALTORS, INC.****Lic. No. 244713****Memphis, TN**

Principal Broker Anthony Willoughby agreed to pay a civil penalty of \$250.00 for failing to properly deposit earnest money.

**VALLEY REALTY & AUCTION LLC dba GMAC REAL ESTATE****Lic. No. 249904****Sweetwater, TN**

Principal Broker Carol Harrison agreed to pay a civil penalty of \$250.00 for failing to obtain a signed confirmation of agency status notifying seller of default to facilitator status.

**KENSINGTON PROPERTIES****Lic. No. 256125****Memphis, TN**

Principal Broker Sherryl B. Oates agreed to pay a civil penalty of \$250.00 for not timely notifying the Commission of a business address change.

**REAL ESTATE ASSOCIATES OF NASHVILLE, LLC****Lic. No. 4165****LaVergne, TN**

Principal Broker Ivan E. Luttrell agreed to pay a civil penalty of \$250.00 for failing to display a business sign on the outside of his place of business.

**BRITTON ENTERPRISES****Lic. No. 57809****Memphis, TN**

Principal Broker William J. Britton, III agreed to pay a civil penalty of \$250.00 for failure to display a sign on the outside of his place of business.

**All Requirements  
for License Re-  
newal Must Be  
Completed by  
Nov. 1, 2002**

## Tennessee Real Estate Commission

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(615) 741-2273 or 1-800-342-4031  
[www.state.tn.us/commerce/trec](http://www.state.tn.us/commerce/trec)

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